

**Exhibit 300 (BY2008)**

<b>PART ONE</b>	
<b>OVERVIEW</b>	
<b>1. Date of Submission:</b>	2006-11-07
<b>2. Agency:</b>	015
<b>3. Bureau:</b>	45
<b>4. Investment Name:</b>	Service Center Recognition/Image Processing System (SCRIPS)
<b>5. UPI:</b>	015-45-01-14-01-2223-00
<b>6. What kind of investment will this be in FY2008?</b>	
Mixed Life Cycle	
<b>7. What was the first budget year this investment was submitted to OMB?</b>	
FY2004	
<b>8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap.</b>	
<p>The Service Center Recognition/Image Processing System (SCRIPS) is a data capture, management, and storage system, which is a source of critical funds from Federal Tax Deposits (FTDs) for the Department of the Treasury. It uses high speed scanning and digital imaging technology to process tax documents. The system processes paper returns, such as, IRP, K1, 940s and 941s. The system does character recognition from the imaged documents. If characters are not read, they are sent to an operator to repair. The systems stores images of the returns for access from internal IRS organizations. The perfected data is sent downstream for processing on the IRS Mainframe systems and Master File storage. The system utilizes an integrated suite of hardware and software components to process tax forms automatically. The system provides a modular, redundant architecture in order to meet mandated timelines and processing requirements for Information Returns Processing (IRP) forms, FTDs, K-1s, 940s and 941s. The processing ability of SCRIPS directly impacts revenue brought into the federal treasury. SCRIPS processes all tax forms within established timeframes in order to meet Service Center Program Completion Dates (PCDs). In addition, SCRIPS must process FTDs within 24 hours. The system's effectiveness level, which has consistently exceeded 99%, coupled with the high speed scanning capability enables SCRIPS to process approximately 54 million FTDs and 45 million IRP forms, 18 million K-1s, 8 million 940s and 18 million Form 941s annually. SCRIPS has processed, over the life of the system, a total of 1 billion documents. SCRIPS and the Internal Revenue Service (IRS) have added 2-D barcode and File Transfer Protocol (FTP) technology to this system. As well as bulk transfer of K-1 images to the LIN System. SCRIPS maintains archived images of FTD, K-1s, Form 940, Form 941, and IRP Form 1096 documents. A copy of the image is burned to a 12-inch platter and retained on the system. The FTD, K-1s, Forms 1041 K-1, 1065 K-1, Form 940 and Form 941 documents are retained for 7 years and the IRP are retained for 3 years and Form 1120s K-1 retained for 75 years in compliance with Federal Records Guidelines. Images of these documents are used for research while resolving tax liability issues. SCRIPS provides a Quality Review function allowing supervisory employees to review operators actions.</p>	
<b>9. Did the Agency's Executive/Investment Committee approve this request?</b>	
yes	
<b>9.a. If "yes," what was the date of this approval?</b>	
2006-08-09	
<b>10. Did the Project Manager review this Exhibit?</b>	
yes	
<b>11. Project Manager Name:</b>	
Tarvin, Tara; Domain POC David Vierling	
<b>Project Manager Phone:</b>	
Domain POC Phone 202-283-5058	
<b>Project Manager Email:</b>	
Domain POC email david.vierling@irs.gov	
<b>12. Has the agency developed and/or promoted cost effective, energy-efficient and environmentally sustainable techniques or practices for this project.</b>	
no	
<b>12.a. Will this investment include electronic assets (including computers)?</b>	

yes	
12.b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only)	
no	
13. Does this investment support one of the PMA initiatives?	
yes	
If yes, select the initiatives that apply:	
Expanded E-Government	
Financial Performance	
13.a. Briefly describe how this asset directly supports the identified initiative(s)?	
In support of Expanded Electronic Government: SCRIPS automates internal processes to reduce costs internally and within the Federal Government, by disseminating best practices across agencies. SCRIPS also automates labor-intensive, error-prone processes using modern information technology with a cost savings of tens of millions of dollars. The average cost of processing a paper return through the manual method is \$1.75. SCRIPS average is 26 cents per return, a savings of \$1.49 per return.	
14. Does this investment support a program assessed using OMB's Program Assessment Rating Tool (PART)?	
yes	
14.a. If yes, does this investment address a weakness found during the PART review?	
no	
14.b. If yes, what is the name of the PART program assessed by OMB's Program Assessment Rating Tool?	
Internal Revenue Service Submission Processing	
15. Is this investment for information technology (See section 53 for definition)?	
yes	
16. What is the level of the IT Project (per CIO Council's PM Guidance)?	
Level 2	
17. What project management qualifications does the Project Manager have? (per CIO Council's PM Guidance)	
(1) Project manager has been validated as qualified for this investment	
18. Is this investment identified as high risk on the Q4 - FY 2006 agency high risk report (per OMB's high risk memo)?	
yes	
19. Is this a financial management system?	
no	
20. What is the percentage breakout for the total FY2008 funding request for the following? (This should total 100%)	
Hardware	11
Software	3
Services	86
21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?	
n/a	
22. Contact information of individual responsible for privacy related questions.	
Name	
Norma Green; Domain POC David Vierling	
Phone Number	
Domain POC Phone 202-283-5058	
Title	
Project Analyst	
Email	
Domain POC email david.vierling@irs.gov	

23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval?

yes

### SUMMARY OF SPEND

1. Provide the total estimated life-cycle cost for this investment by completing the following table. All amounts represent budget authority in millions, and are rounded to three decimal places. Federal personnel costs should be included only in the row designated Government FTE Cost, and should be excluded from the amounts shown for Planning, Full Acquisition, and Operation/Maintenance. The total estimated annual cost of the investment is the sum of costs for Planning, Full Acquisition, and Operation/Maintenance. For Federal buildings and facilities, life-cycle costs should include long term energy, environmental, decommissioning, and/or restoration costs. The costs associated with the entire life-cycle of the investment should be included in this report.

All amounts represent Budget Authority

(Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions)

	PY-1 & Earlier	PY	CY
	-2005	2006	2007
Planning Budgetary Resources	0.000	0.000	0.000
Acquisition Budgetary Resources	0.000	0.000	
Maintenance Budgetary Resources	23.273	14.773	
Government FTE Cost	3.092	1.221	
# of FTEs	8	8	8

Note: For the cross-agency investments, this table should include all funding (both managing partner and partner agencies).

Government FTE Costs should not be included as part of the TOTAL represented.

2. Will this project require the agency to hire additional FTE's?

no

### PERFORMANCE

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative or qualitative measure.

Agencies must use Table 1 below for reporting performance goals and measures for all non-IT investments and for existing IT investments that were initiated prior to FY 2005. The table can be extended to include measures for years beyond FY 2006.

Table 1

	Fiscal Year	Strategic Goal(s) Supported	Performance Measure	Actual/baseline (from Previous Year)	Planned Performance Metric (Target)	Performance Metric Results (Actual)
1	2004	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. Relating System Goal: Increase accuracy of K-1 returns	Reduce the error rate to 20%	Error Rate 26%	Customer tracks error rates thru monthly reports from downstream processing.	Monthly reports shows the error rate to 20%.

		processed. Addresses key areas of non-compliance to promote fairness to all taxpayers.				
2	2004	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. Relating System Goal: Increase volume of K-1 returns processing. Addresses key areas of non-compliance to promote fairness to all taxpayers.	Increase the time to process to 200 dph.	Processing time 100 documents per hour (dph)	SCRIPS produces daily/weekly/monthly Throughput Statistics Reports.	The report shows processing 250 dph.
3	2004	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. Relating System Goal: Decrease costs associated with processing K-1 returns. Addresses key areas of non-compliance to promote fairness to all taxpayers.	Eliminate labor associated with numbering documents.	Numbering cost \$.10 per document.	SCRIPS eliminated all labor associated with numbering documents.	Eliminated labor associated with numbering documents.
4	2004	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. Relating System Goal: Decrease costs associated with coding and editing K-1 documents.	Reduce cost of Code & Edit to \$.10 by increasing volume and accuracy of scanning.	Code & Edit Cost \$.40	Customers track labor costs through monthly Work Planning & Control (WP&C) system.	WP&C depicts Automated Code and Edit performed at a reduction to \$.10 per document.
5	2004	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. Relating System Goal: Reduce time required for internal IRS areas to receive images of returns. Meets the needs of	SCRIPS will store and provide data and images to provide an electronic integrated operating model.	7 days to receive a print of an image.	SCRIPS tracks the number of request vs number of prints.	The daily service request vs print depicts amount of time to receive images reduced to 5 days.

		taxpayers by providing a higher quality of service.				
6	2005	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. IRS Strategic Goal: Enhance Enforcement of the Tax Law.	Reduce error rate to 15%.	Error Rate 20%.	Customer tracks error rates thru monthly reports from downstream processing.	Monthly reports shows the error rate to 15%.
7	2005	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. IRS Strategic Goal: Enhance Enforcement of the Tax Law.	Increase the time to process to 250 dph.	Processing time 200 documents per hour (dph).	SCRIPS produces daily/weekly/monthly Throughput Statistics Reports.	The report shows processing 300 dph.
8	2005	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. IRS Strategic Goal: Improve Taxpayer Service.	SCRIPS will store and provide data and images to provide an electronic integrated operating model.	5 days to receive a print of an image.	SCRIPS tracks the number of request vs number of prints.	The daily service request vs print depicts amount of time to receive images reduced to 3 days.
9	2006	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. IRS Strategic Goal: Enhance Enforcement of the Tax Law for K1.	Reduce error rate to 10%.	Error Rate 15%	Customer tracks error rates thru monthly reports from downstream processing.	Monthly reports shows the error rate under 10%
10	2006	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. IRS Strategic Goal: Enhance Enforcement of the Tax Law for K1.	Increase the time to process to 300 dph.	Processing time 250 documents per hour (dph)	SCRIPS will improve the time to process to 300 dph.	The report shows processing over 400 dph.
11	2006	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. IRS	SCRIPS will store and provide data and images to provide an electronic	3 days to receive a print of an image.	SCRIPS will reduce the amount of time for internal IRS areas to received images of returns to 2 days.	The daily service request vs print depicts amount of time to receive images reduced to 2 days. This can not be

		Strategic Goal: Improve Taxpayer Service for K1.	integrated operating model.			further reduced until a hardware/software upgrade is done.
12	2007	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. IRS Strategic Goal: Enhance Enforcement of the Tax Law.	Reduce error rate to 5%.	Error Rate 10%	SCRIPS will reduce the error rate to 5%.	-
13	2007	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. IRS Strategic Goal: Enhance Enforcement of the Tax Law.	Increase the time to process to 350 dph.	Processing time 300 documents per hour (dph).	SCRIPS will improve the time to process to 350 dph.	-
14	2007	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. IRS Strategic Goal: Improve Taxpayer Service.	SCRIPS will store and provide data and images to provide an electronic integrated operating model.	2 days to receive a print of an image.	SCRIPS will reduce the amount of time for internal IRS areas to received images of returns to 24 hours.	-
24	2004	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. Relating System Goal: Processes FTDs within 24 hours. Meets the needs of taxpayers by resolving accounts faster and more accurately.	SCRIPS will process 99% of the FTDs received per day.	Processing 99% of daily FTD receipts.	Produces a daily/weekly/monthly Throughput Statistics Report.	SCRIPS processed 100% of daily receipts as depicted on the Throughput Statistics Reports.
25	2006	Treasury Strategic Goal: Increase accuracy of 941 returns processed. Addresses key areas of non-compliance to promote fairness to all taxpayers.	Reduce the error rate to 20%	Error Rate 26%	SCRIPS will reduce the error rate to 20%. Processing begins 8/05.	The error rate has been reduced to 18 %.
26	2006	Treasury	Increase the	Processing time	SCRIPS will improve	The report shows

		Strategic Goal: Manage U.S. Government's Finances Effectively. Relating System Goal: Increase volume of 941 returns processing. Addresses key areas of non-compliance to promote fairness to all taxpayers.	time to process to 200 dph.	100 documents per hour (dph)	the time to process to 200 dph.	processing of over 200 dph.
27	2006	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. Relating System Goal: Decrease costs associated with processing 941 returns. Addresses key areas of non-compliance to promote fairness to all taxpayers.	Eliminate labor associated with numbering documents.	Numbering cost \$.10 per document.	SCRIPS will eliminate all labor associated with numbering documents.	Scanning of forms has eliminated manual numbering of the 941 forms.
28	2006	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. Relating System Goal: Decrease costs associated with coding and editing 941 documents.	Reduce cost of Code & Edit to \$.10 by increasing volume and accuracy of scanning.	Code & Edit Cost \$.40	SCRIPS will reduce Code & Edit cost to \$.10 by increasing the volume and accuracy of automated scanning.	Performance under assessment The Business is waiting for final number for the quarter so they can assess the cost.
29	2006	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively. Relating System Goal: Reduce time required for internal IRS areas to receive images of 941 returns. Meets the needs of taxpayers by providing a higher quality of service.	SCRIPS will store and provide data and images to provide an electronic integrated operating model.	7 days to receive a print of an image.	SCRIPS will reduce the amount of time for internal IRS areas to received images of returns to 5 days.	SCRIPS has reduced the amount of time to deliver the images to 5 days.
30	2006	Treasury Strategic Goal: Manage U.S.	Reduce error rate to 15%	Error Rate 25%	Customer tracks error rates thru monthly reports from	Monthly reports shows the error rate under 15%

		Government's Finances Effectively. IRS Strategic Goal: Enhance Enforcement of the Tax Law for 941.			downstream processing.	
31	2006	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively .IRS Strategic Goal: Enhance Enforcement of the Tax Law for 941.	Increase the time to process to 300 (dph)	Processing time 250 documents per hour (dph)	SCRIPS will improve the time to process to 300 dph.	The report shows processing over 400 dph.
32	2006	Treasury Strategic Goal: Manage U.S. Government's Finances Effectively IRS Strategic Goal: Improve Taxpayer Service for 941.	SCRIPS will store and provide data and images to provide an electronic integrated operating model.	3 days to receive a print of an image.	SCRIPS will reduce the amount of time for internal IRS areas to received images of returns to 2 days.	The daily service request vs print depicts amount of time to receive images reduced to 2 days. This can not be further reduced until a hardware/software upgrade is done.

*All new IT investments initiated for FY 2005 and beyond must use Table 2 and are required to use the FEA Performance Reference Model (PRM). Please use Table 2 and the PRM to identify the performance information pertaining to this major IT investment. Map all Measurement Indicators to the corresponding "Measurement Area" and "Measurement Grouping" identified in the PRM. There should be at least one Measurement Indicator for at least four different Measurement Areas (for each fiscal year). The PRM is available at [www.egov.gov](http://www.egov.gov).*

Table 2

Fiscal Year	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results
<b>EA</b>						
<p><i>In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.</i></p>						
<p>1. Is this investment included in your agency's target enterprise architecture?</p> <p>no</p>						
<p>1.a. If no, please explain why?</p> <p>SCRIPS is not consistent with the IRS Target Architecture. Imaging and ICR is the target while SCRIPS is currently an OCR system. SCRIPS will continue to process paper documents until a target solution is incorporated, which will replace the current SCRIPS system.</p>						
<p>2. Is this investment included in the agency's EA Transition Strategy?</p> <p>yes</p>						
<p>2.a. If yes, provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment.</p> <p>SCRIPS</p>						



3. Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to <http://www.whitehouse.gov/omb/egov/>.

**Component:** Use existing SRM Components or identify as NEW. A NEW component is one not already identified as a service component in the FEA SRM.

**Reused Name and UPI:** A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.

**Internal or External Reuse?:** Internal reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. External reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.

**Funding Percentage:** Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

	Agency Component Name	Agency Component Description	Service Type	Component	Reused Component Name	Reused UPI	Internal or External Reuse?	Funding %
1	Document Imaging and OCR	Scans paper returns, captures images. Performs ICR.	Document Management	Document Imaging and OCR			No Reuse	0
2	Data Mart	Archival system that maintains images of returns and deletes images after form type expiration defined by NARA.	Data Management	Data Mart			No Reuse	0
3	Data Exchange	FTP capability that transmit return data to downstream processing. Also, receives data for image print request.	Data Management	Data Exchange			No Reuse	0
4	Tax Account Management, Business Logic	Manages the electronic or paper capture of taxpayer specific data	Data Management	Data Exchange			No Reuse	80

4. To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

**FEA SRM Component:** Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications.

**Service Specification:** In the Service Specification field, Agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.

	SRM Component	Service Area	Service Category	Service Standard	Service Specification (i.e., vendor and product name)
1	Document Imaging and OCR	Service Platform and Infrastructure	Hardware / Infrastructure	Peripherals	Scan-Optics, Transport
2	Record Linking / Association	Service Platform and Infrastructure	Database / Storage	Database	Informix, dbase.

3	Document Classification	Component Framework	Business Logic	Platform Independent	HP Server, COTS & custom.
4	Data Cleansing	Service Platform and Infrastructure	Support Platforms	Platform Independent	HP Server, COTS & custom.
5	Document Retirement	Service Platform and Infrastructure	Database / Storage	Storage	HP Server, Purge software
6	Data Exchange	Service Access and Delivery	Service Transport	Service Transport	EFNS/EFTU Server
7	Data Mart	Service Access and Delivery	Service Transport	Service Transport	EFNS/EFTU Server
8	Data Warehouse	Component Framework	Data Management	Database Connectivity	Optical Jukebox, CYGNET
9	Loading and Archiving	Component Framework	Data Management	Database Connectivity	Optical Jukebox, CYGNET
10	Data Recovery	Service Platform and Infrastructure	Software Engineering	Software Configuration Management	Spectra-Logic, Alexandria back-ups, Version Manager, Tracker, LOTUS Notes

5. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)?

no

6. Does this investment provide the public with access to a government automated information system?

no

## PART TWO

### RISK

You should perform a risk assessment during the early planning and initial concept phase of the investment's life-cycle, develop a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.

Answer the following questions to describe how you are managing investment risks.

1. Does the investment have a Risk Management Plan?

yes

1.a. If yes, what is the date of the plan?

2006-09-29

1.b. Has the Risk Management Plan been significantly changed since last year's submission to OMB?

no

3. Briefly describe how investment risks are reflected in the life cycle cost estimate and investment schedule: (O&M investments do NOT need to answer.)

The SCRIPS risks are reflected in the mixed life-cycle cost estimate and investment schedule as part of the Legislative RIS mandated tax law changes that are received late and must be made in a very short turnaround to meet SAT and Production schedules. Also, we include cost for legislative changes to our continued operations for the SCRIPS investment.

### COST & SCHEDULE

Does the earned value management system meet the criteria in ANSI/EIA Standard 748?

no

2.a. What is the Planned Value (PV)?

0.166

2.b. What is the Earned Value (EV)?

0.167

2.c. What is the actual cost of work performed (AC)?

0.234
<i>What costs are included in the reported Cost/Schedule Performance information?</i>
Contractor and Government
<i>2.e. As of date:</i>
2006-12-30
<i>3. What is the calculated Schedule Performance Index (SPI= EV/PV)?</i>
1
<i>4. What is the schedule variance (SV = EV-PV)?</i>
0.001
<i>5. What is the calculated Cost Performance Index (CPI = EV/AC)?</i>
0.71
<i>6. What is the cost variance (CV = EV-AC)?</i>
-0.067
<i>7.b. If yes, explain the variance.</i>
<i>7.c. If yes, what corrective actions are being taken?</i>
<i>7.d. What is most current Estimate at Completion?</i>
1.732
<i>8. Have any significant changes been made to the baseline during the past fiscal year?</i>
no